THE REPORT OF THE METROPOLITAN TORONTO ADVISORY TASK FORCE ON ASSESSMENT REFORM

This logo symbolizes the Metro federation of municipalities, each independent, yet interdependent, forming a union that is stronger than its individual parts.

THE REPORT OF THE METROPOLITAN TORONTO ADVISORY TASK FORCE ON ASSESSMENT REFORM

APRIL, 1986

THE MUNICIPALITY OF METROPOLITAN TORONTO

DRAFT

REPORT OF THE METROPOLITAN TORONTO ADVISORY TASK FORCE ON ASSESSMENT REFORM

April 16, 1986

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EXECUTIVE SUMMARY

- The objective for a reassessment program in Metropolitan Toronto is to ensure that properties which have similar market values are assessed at equal or comparable values, regardless of where the properties are located in Metropolitan Toronto. (p. 2)

- A reassessment of properties across Metropolitan Toronto last occurred in 1953, using 1940 property market values. In the intervening 33 years, urbanization, inflation, the failure to update assessment rolls and increased reliance on property taxes have all contributed to unintended shifts in assessment and tax burdens on properties within classes, among classes and among municipalities in Metropolitan Toronto. (p. 6)

- Sampled properties from 1984 Ministry of Revenue property sales data, when combined with the information from the Metro-wide Section 63 impact study, show large variances in assessment and taxation for properties of similar market value in Metropolitan Toronto. For example, single family properties sampled, that sold for $150,000 in 1984, had assessments that ranged from $5,325 to $11,325, and taxes that ranged from $1,457 to $2,900. Similar samples of property selling for $100,000 and $200,000 showed the same characteristics with variances for both assessment and taxes approaching the 100% level. (pp. 15-18)

- With such a sizable variance in the way properties of similar market values are assessed and taxed, some occurrences of large percentage shifts under reassessment are unavoidable, but are required. (Exhibit 3, opposite p. 16)

- However, it is important to note that these extreme situations will occur to approximately the same degree under any reassessment proposal, whether the proposal is for a purely local solution or a Metropolitan-wide solution. It is the wide dispersion in the current ratio of assessment to market value that causes these large shifts, not whether a Metro-wide or local reassessment process is adopted. (p. 18)

- The Metropolitan Advisory Task Force on Assessment Reform considered nine options for implementation of reassessment in Metropolitan Toronto. Section 63 and Section 70 of the "Assessment Act" (see Glossary of Terms) form the basis for the nine property reassessment options considered. Metropolitan-wide solutions resulted in large shifts among classes of properties in municipalities. Solutions that confined reassessment to local municipalities did little to satisfy Metropolitan-wide concerns. (p. 19)

- Under the reassessment framework recommended by the Task Force, no individual property taxpayer in Metropolitan Toronto would experience an increase of more than 2.5% of existing taxes by virtue of a Metro-wide reassessment solution. Also, it should be noted that the majority of 1 and 2 family properties in Metropolitan Toronto would show a decrease in taxes. (p. 18)

- The option for reassessment preferred by the Task Force, involves the implementation of a Metro-wide Section 63, with the option for each municipality to set class mill rates that will reflect the tax burden that presently exists within the area municipality, by property class, if desired. (p. 34)

- This reassessment proposal would better ensure that properties of similar market value are assessed at equivalent or comparable values, regardless of where the properties are located in Metropolitan Toronto. The proposal also maintains the existing property class assessment proportions for Metropolitan Toronto. (p. 34)

- This Metro-wide solution would also result in shifts in Metropolitan and school board costs among the property taxpayers in individual municipalities. While the pie remains the same size, the shares of the pie are redistributed. (p. 34)

- The flexibility that permits area municipalities to establish class mill rates for each class of property enables the shifts that occur in the apportionment of Metropolitan and school board costs to be distributed equally among all property taxpayers in each municipality. This permits the local councils, if they wish, to replicate the tax burdens that presently exist in each municipality by class of property. (p. 37)

- The Task Force did not deal with detailed implementation issues, but had confidence that the wealth of information and experience that was gained from reassessment in over 600 of the 856 municipalities in Ontario, would be available when reassessment was requested for Metropolitan Toronto. (p. 41)

- If the recommendations of the Task Force are adopted, then it is recommended that a Property Reassessment Implementation Committee be struck jointly with the Government of Ontario. (p. 42)

- The Advisory Task Force reasoned that the most appropriate year to implement assessment reform in Metropolitan Toronto, was for the taxation year 1987. Otherwise, delays for election years, either municipal or provincial, or delays in anticipation of market value assessment updates would interfere with the year of implementation. The Task Force; therefore, concluded that assessment reform should be recommended for 1987, based on 1980 market values. (p. 42)

- The Metropolitan Toronto Advisory Task Force on Assessment Reform recommends: (p. 43)

  1. **the Metropolitan Council consider the framework provided by a Metro-wide Section 63, with the option for area municipalities to use variable class mill rates for taxation purposes (Option 2), as the preferred method for implementation of reassessment in Metropolitan Toronto.**

Further, in order to facilitate consideration of the proposals that are outlined in this report, it is recommended that:

2. **this report be sent to the Area Municipal Councils for the purpose of soliciting their positions by June 12, 1986, on the recommended market value reassessment proposal contained herein.**

Any possibility of implementing assessment reform in 1987 depends upon the adherence to a timetable, whereby the Metropolitan Council must communicate its formal position to the Province of Ontario before the summer recess. Therefore, it is recommended that:

3. **the framework provided by a Metro-wide Section 63, with the option for area municipalities to use variable class mill rates for taxation purposes (Option 2), be considered for adoption by the Metropolitan Council on June 24, 1986, and that the position of the Metropolitan Council be communicated to the Province of Ontario; and**

4. **the appropriate Metropolitan officials be authorized and directed to take the necessary action to give effect thereto.**

1.0 INTRODUCTION

1.1 Property Taxation

Property taxation remains a principal source of revenue for municipal and school board purposes in the Province of Ontario. In 1985, taxation on property in Metropolitan Toronto raised $2.5 billion: $1,301 million (51%) for school board purposes, $641 million (25%) for Metropolitan Toronto expenditures and $612 million (24%) for local municipal purposes. Seventy-six per cent (76%) of taxes raised in 1985 were required to fund Metropolitan-wide services, with the remaining 24% of property taxes used for local municipal purposes. Since assessment forms the basis for property taxation, reassessment is an issue affecting all property taxpayers in Metropolitan Toronto.

1.2 Property Assessment

In Ontario, property assessment is used to represent the taxable value of individual properties. A local municipality uses assessment as the means by which its own costs and those related to regional/county and school board are allocated. In Metropolitan Toronto, as in all other regions and counties, the total assessment of properties in an area municipality, when compared to the combined assessment of all properties in Metropolitan Toronto, determines the proportion of school board and Metropolitan costs that are attributed to property taxpayers in each municipality.

The sharing of property assessment wealth is a primary reason for the success of Metropolitan Toronto and accounts for the very high level of service provided in the Metropolitan area and the strong financial position of this maturing urban jurisdiction.

1.3 The Objective of Reassessment

The Task Force considered that the prime objective for a reassessment program in Metropolitan Toronto is to ensure that properties which have similar market values are assessed at equal or comparable values regardless of where the properties are located in Metropolitan Toronto. This report shows that this objective has not been achieved across Metropolitan Toronto on a consistent basis.

This report presents the findings of the Metropolitan Toronto Advisory Task Force on Assessment Reform, which was established to examine and recommend a means by which the above objective for reassessment could best be achieved in Metropolitan Toronto.

Assessment is a complex topic. To assist those who are unfamiliar with the terminology, a glossary of terms is provided in Appendix A.

2.0 BACKGROUND

2.1 The Assessment and Taxation Systems in Use

Reductions in assessed values during the Depression represented the start of a lag between assessed values and market values which exists to this day. This discrepancy increased during the Second World War when decreased municipal expenditures indicated that existing tax revenues at existing mill rates were sufficient and that no reassessment was warranted.

Following the end of the war, an upward adjustment in property prices from Depression-low levels signified a general increase in market prices. However, because property prices did not keep pace with general inflation, property values remained at their 1940 levels.

The first assessment manual put out by the Department of Municipal Affairs in 1950 had based its valuation of property on 1940 price levels. The gap between assessed value and the market property value in actual assessment practice was couched in a legal definition under the "Assessment Act" of 1946. This Act specified that land and buildings shall be assessed at "actual value", which was interpreted to mean market values prevailing in 1940.

When Metropolitan Toronto was formed in 1953, assessment was still based on 1940 values. Major changes in Ontario assessment processes were contemplated in 1969, when a revised "Assessment Act" was introduced and responsibility for the assessment function was assumed by the Province. Assessment in Metropolitan Toronto first came under Provincial jurisdiction on January 1, 1970. At that time, many, if not most, of the assessments were still based on 1940 levels of value. Since reassessment has not been implemented by the Province in Metropolitan Toronto in the 16 years since assumption of assessment responsibility, many assessments still reflect the 1940 levels of value.

Newer properties in municipalities such as Metropolitan Toronto that have not recently implemented market value based on reassessment are, however, currently assessed with reference to market value. In 1971, assessment rolls were frozen at their existing levels. However, improvements and additions to the roll have been allowed. For example, the market value of the improvement is determined, then the level of assessment to market value in the neighbourhood or vicinity is derived, based on recent sales of similar property. The market value of the improvement is factored by the neighbourhood ratio and the assessment is made accordingly.

2.2 Reassessment Activity in Other Ontario Municipalities

Provincially-initiated proposals for property reassessment across Ontario were abandoned in the late 1970's. As a result, municipalities have been encouraged to implement their own reassessments. Since 1979, some 600 municipalities throughout Ontario have used either Section 63 or Section 70 of the "Assessment Act" to initiate property reassessment.

Currently, 468 of 856 municipalities have implemented a Section 63 reassessment on a local basis. The application of Section 63 on an individual municipal basis enables a municipality to undertake a revision of all property assessments on a market value basis. All assessed properties are then "factored back" to reflect existing relative tax burdens by each property class. This process eliminates most of the inequalities among properties within the same property class, while avoiding tax shifts between property classes.

The application of Section 63 on a region-wide basis is not untried. Recently, the Regional Municipality of Sudbury requested implementation of Section 63 on a region-wide basis. The major difference between a Section 63 reassessment on a region-wide or county-wide basis and a local Section 63 is

that inequalities in assessments within property classes are corrected across all municipalities instead of just within a local municipality. In addition, the existing relative tax burdens of each property class are maintained among property classes across the county or regional municipality instead of just within the local municipality.

The "Report of The Commission on the Financing of Elementary and Secondary Education in Ontario," released in December 1985, also supported the need for assessment reform and recommended region-wide solutions. Recommendation 16 states "That the government consider amending the current legislation to permit, and subsequently to mandate, reassessment programs under Section 63 of the "Assessment Act" on a county or regional basis."(1)

Full market value reassessment has been implemented by 138 municipalities under Section 70 of the "Assessment Act". In addition, the District Municipality of Muskoka has implemented a district-wide Section 70. Like Section 63, all properties under Section 70 are reassessed on a market value basis. However, unlike Section 63, property classes are not factored back to their existing relative tax burdens - each property class bears that proportion of total assessment to which it is assigned by the market. Tax shifts therefore occur between property classes.

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1. Commission on the Financing of Elementary and Secondary Education in Ontario, Report, Toronto, December, 1985, p. 38.

3.0 ASSESSMENT IN THE METROPOLITAN TORONTO CONTEXT

3.1 The Need for Reassessment

The argument for property reassessment in Metropolitan Toronto has been made repeatedly.(1) The values for properties on which taxes are currently levied are far out of date, with many based on 1940 values. Urbanization, inflation, the failure to update assessment rolls and increased reliance on property taxes have all caused unintended shifts in assessment and tax burdens on properties within classes, among classes and among municipalities.

3.2 The Precedent for a Metropolitan-wide Solution

During the formation of Metropolitan Toronto, one of the structural and administrative changes considered fundamental to the reform process was the need for a Metropolitan-wide, uniform basis of assessment. Upon the recommendations of the Cumming Report in 1953, the Provincial government enacted Bill 80 in April 1953 - "An Act to Provide for the Federation of the Municipalities in the Metropolitan Toronto Area for Certain Financial and Other Purposes."(2) In order to guarantee a uniform basis of assessment, the responsibility for property valuation was assigned to the Metropolitan Corporation under "The Metropolitan Toronto Act". The Metropolitan Toronto Assessment Department was created to supervise, control and finance the preparation of local assessment throughout the Metropolitan area on a uniform basis.

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1. Ontario Committee on Taxation, Report, Toronto, 1967.
2. Royal Commission on Metropolitan Toronto, Report, Toronto, 1953.

Upon its inception, one of the first tasks of the Metropolitan Toronto Assessment Department was to reassess all properties in Metropolitan Toronto, in order to provide an equalized valuation for the purpose of imposing the Metropolitan levy. The reassessment for Metropolitan Toronto was implemented on a Metropolitan-wide basis and this base still serves today as the most current assessment for many properties. As discussed above, 1940 values were used.

The variability of assessment on homes of similar market value, coupled with 33 years of growth and the fact that 75% of property taxes are required for Metropolitan-wide services suggest that the need for a Metropolitan-wide, uniform basis of assessment is even more compelling in 1986 than it was in 1953.

Throughout the past 33 years, the Metropolitan Council has maintained a leadership role in assessment and taxation reform. It participated in a series of Provincial-Municipal Committees throughout the 1970's dealing with property assessment and taxation matters, and has maintained an active role on the Fiscal Policy Committee of the Association of Municipalities of Ontario.

In 1981, the Metropolitan Council requested from the Province of Ontario a Section 63 Metropolitan-wide impact study for Metropolitan Toronto.(1) In 1983, the Metropolitan Council reaffirmed its desire to review the results of the Metropolitan-wide Section 63 impact study.(2) While the Government of

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1. Chief Administrative Officer's Department, The Municipality of Metropolitan Toronto, The Apportionment of the Metropolitan Toronto General Levy, Toronto, August, 1981.
2. Management Services Department, The Municipality of Metropolitan Toronto, The Apportionment of The Upper Tier Levies for Metropolitan Toronto, Toronto, October, 1983.

Ontario had the study prepared, the government of the day chose not to release it to the Metropolitan Council despite repeated requests by the Metropolitan Council for the information.

The Metropolitan Council, being unable to recommend a comprehensive reform package, approved the weighting of residential assessment in apportioning the Metropolitan General Levy on December 6, 1983. This reform was implemented concurrently with a similar change for the Metropolitan Toronto School Board applicable to the educational levy. In addition, Council approved the recommendation that per capita grants be distributed to the area municipalities on an assessment basis. All of these changes were implemented in Metropolitan Toronto for the taxation year 1984.

The Metropolitan-wide Section 63 impact study was finally released by the new Government of Ontario in July of 1985.(1) Upon release of the data, and on the recommendation of the Metropolitan Chairman, C. Dennis Flynn, the Metropolitan Council created the Metropolitan Toronto Advisory Task Force on Assessment Reform to study the data and determine if an appropriate way of implementing assessment reform in Metropolitan Toronto could be developed at the technical staff level.

3.3 The Context for Reassessment in Metropolitan Toronto for 1987

During the 1970's, a good deal of discussion and analysis went into reviewing alternative ways of making more revenue available to municipalities. Prominent among the possibilities explored was the proposal to share the income and sales tax revenue of the senior levels of government with municipalities. In the late 70's and early 80's, deficit government financing became a fact of life with the other levels of Government in Canada.

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1. Ministry of Revenue, Impact of a Metro-wide Reassessment, December, 1982, released July, 1985.

Under these conditions, it is unlikely that new revenue-sharing formulas will be available to the local government sector. Property assessment, in all likelihood, will continue as the major source of revenue for the foreseeable future. With property assessment as the major source of municipal revenue, the assessment disparities that exist should be resolved in Metropolitan Toronto, so that properties of similar market values are assessed at comparable values.

Under the "Assessment Act" of the Province of Ontario, there are two ways that reassessment can be brought about. Section 63 (formerly Section 86) permits a reassessment to occur using market values, while keeping the assessment proportions of each property class the same before and after reassessment. Section 70 allows for a full market value reassessment program to occur without regard to existing property class proportions of total assessment, and permits the totals for class assessments to be adjusted by market value trends.

While the municipal sector should continue to argue for fundamental change in its fiscal relationship with the provincial government, the prevailing financial and political situation suggests that municipalities are unlikely to receive additional funding support in the short or medium term. Therefore, property taxes will remain the primary source of municipal revenue. Because no other methodology presently exists, reassessment should be focussed on the two methodologies available to municipalities in the Province of Ontario. Section 63 and Section 70, therefore, form the basis for the nine property reassessment options considered by the Metropolitan Toronto Advisory Task Force on Assessment Reform.

4.0 THE METROPOLITAN TORONTO ADVISORY TASK FORCE ON ASSESSMENT REFORM

4.1 Establishment of the Task Force

On July 5, 1985, the Province of Ontario released the results of the Metro-wide Section 63 impact study for the Municipality of Metropolitan Toronto.(1) This study had been requested by the Metropolitan Council in 1981. These impact study results confirmed the direction of the changes that were predicted in several Metropolitan Toronto studies (1981 and 1983) for a Metro-wide reassessment program.(2) The Metropolitan Toronto results and the results released by the Province showed that assessment, and hence taxation, discrepancies are growing, emphasizing further the need for reassessment.

Upon release of the impact study on the recommendation of the Metropolitan Chairman, the Metropolitan Executive Committee on July 25, 1985 approved the establishment of the Advisory Task Force, with the following recommendations:

1. **that an Advisory Task Force on Assessment Reform be constituted comprising the following:**
   - **representatives from Metropolitan Toronto to chair the Task Force;**
   - **treasurers from each area municipality;**
   - **representatives from the Province;**
   - **representatives from the Metropolitan Toronto School Board;**
   - **representatives from the Metropolitan Separate School Board;**

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1. Ministry of Revenue, Impact of a Metro-wide Reassessment, December 1982.
2. Chief Administrative Officer's Department, The Municipality of Metropolitan Toronto, The Apportionment of the Metropolitan Toronto General Levy, Toronto, August, 1981.
   Management Services Department, The Municipality of Metropolitan Toronto, The Apportionment of Upper Tier Levies for Metropolitan Toronto, Toronto, October, 1983.

EXHIBIT 1

METROPOLITAN TORONTO ADVISORY TASK FORCE ON ASSESSMENT REFORM
TASK FORCE MEMBERSHIP

C. DENNIS FLYNN	Metropolitan Chairman
DALE RICHMOND	Metro Toronto (Task Force Chairman)

MEMBERS LISTED IN ALPHABETICAL ORDER

GEORGE CLARKE	City of Toronto
LARRY CLOSE	Ministry of Municipal Affairs
DAVID CREECH	City of Scarborough
ROBERT DAVIE	City of North York
DAVID DEAVES	City of Etobicoke
ERIC FLEMING	Ministry of Municipal Affairs
LORNE HAMPSON	City of York
DAVID HIPGRAVE	Metro Toronto
JACK LETTNER	Ministry of Revenue
ERIC NICHOLS	Borough of East York
JACK POWER	Metropolitan Separate School Board
DON TIMMINS	Metropolitan Toronto School Board
RON TRBOVICH	Ministry of Revenue

SUPPORT STAFF IN REGULAR ATTENDANCE

CALVIN BARRETT	Borough of East York
BERT CALVERT	City of Scarborough
LIONEL FELDMAN	Toronto Board of Education
WERNER HIRSCHMANN	Metro Toronto
RICHARD MURPHY	Metropolitan Separate School Board
JIM PEAT	Metro Toronto
LAURENCE REED	City of Toronto
PETER TOMLINSON	City of Toronto
JOHN WOODS	City of Toronto
ED ZAMPARO	Metro Toronto

2. **that the Terms of Reference for the Advisory Task Force on Assessment Reform include:**
   - **a detailed review of Ministry of Revenue data and results;**
   - **discussion, review and testing of alternative implementation methods to cushion year-to-year fluctuations; and**

3. **that the Task Force recommendations and report be submitted to the Metropolitan Council by June, 1986.**

The Metropolitan Council established the Advisory Task Force on Assessment Reform in order to get the best technical advice that was available in Metropolitan Toronto from those professionals expert in the subject of assessment and tax reform. Accordingly, the membership included, in addition to Metro staff, Treasurers from the area municipalities, Assistant Deputy Ministers and Directors from the Ministry of Revenue and Ministry of Municipal Affairs, the Metropolitan Toronto School Board, the Metropolitan Separate School Board, and the Toronto Board of Education, which had requested permission to attend meetings. The full Task Force membership is included in Exhibit 1.

Since the political position of the Councils of the area municipalities was already a matter of public record, the proceedings of the Task Force were structured in a manner that permitted the collective wisdom of the membership to be focussed on the primary assessment reform issues that had to be faced in Metropolitan Toronto. At the same time, the Task Force could not totally ignore the position that local councils had taken in the past on the subject.

The Task Force was structured to obtain collective advice on the topic of assessment reform. To this end, there was no requirement that the discussions or the decisions of the Task Force be unanimous. In fact, one of the real benefits of the Task Force was the presentation of many and differing professional views, and the subsequent need for the Task Force to

collectively weigh the pros and cons of various statements to establish a position. The data provided by the Government of Ontario was reviewed and analyzed and alternative implementation options were explored, in an attempt to develop an appropriate implementation strategy on assessment reform to recommend to Metropolitan Council.

4.2 Deliberations of the Task Force

The Task Force has met since September 1985, discussed the Ministry of Revenue impact study data, reviewed the reform options that are available, and requested and analyzed additional information from two ministries to clarify or develop options.

Considerable progress has been made towards assessment reform in the rest of the municipalities in Ontario but has eluded Metropolitan Toronto to date. This is partly attributable to the fact that the process of reform used elsewhere is not transportable to Metropolitan Toronto and its municipalities, because some unique or different property assessment and taxation issues exist in Metropolitan Toronto.

For example, the City of Toronto is trying to encourage residential development in the central core and, for this and other reasons, does not want assessment reform to cause a significant shift from commercial-industrial assessment to residential properties. The reverse situation may cause concern in the cities of Etobicoke, North York and Scarborough. These municipalities are in the process of planning and building major sub-centres and must compete for commercial-industrial assessment with the regions of Peel, York and Durham respectively. The competition is severe. These cities may not favour significant shifts from residential assessment to commercial-industrial classes of property.

The Task Force, very early on in its deliberations, reasoned that the application of full market value assessment solutions (Section 70) caused shifts between classes of properties in directions that may not be desired politically at the local municipal level. Preliminary analysis of the Section 63 impact study shows that constraining the property class burdens to Metropolitan averages (Metro-wide Section 63) would also cause shifts among classes of property in area municipalities that would be difficult to digest in both magnitude and direction.

Similarly, while a local Section 63 would maintain the existing burden of taxation between property classes in each municipality, it would do little to ensure that properties of similar market value would be assessed at comparable values throughout Metropolitan Toronto. The Task Force, therefore, examined solutions that fell between pure Metro-wide solutions and pure local reforms.

The Task Force operated under the assumption that provisions would be made in the details of implementation to ensure that no individuals would suffer undue hardship or lose their homes because of administrative changes in the process of assessment. Sections 362 and 363 of the "Municipal Act" allow for various mechanisms to alleviate any detrimental effects due to reassessment. Consideration of special phase-in funding may be desirable for this and other reasons when considering detailed implementation strategies.

Finally, it should be noted that the Task Force has met at a staff level behind closed doors, since the purpose of the Task Force is to advise the Metropolitan Council on whether or not technical concensus was possible on a recommended implementation strategy. While the long-awaited impact study released by the Province of Ontario in July, 1985 is public information, the additional results of the various options selected and information requested and analyzed by the Task Force will be released following submission of the Task Force's report to the Metropolitan Council. This data will be available in the Metroplitan Clerk's Department.

The Task Force has developed an implementation strategy for assessment reform to recommend to Metropolitan Council. This recommendation forms the content of the remainder of this report.

5.0 THE ANALYSIS OF THE CURRENT SITUATION

5.1 Individual Residential Properties Sampled

At the present time, there is a wide disparity in assessment and taxes for properties of similar market value across Metropolitan Toronto. Samples of properties from each municipality in Metropolitan Toronto were taken from Ministry of Revenue data in several sales ranges ($100,000, $150,000, and $200,000) based on 1984 property sales. Exhibit 2 shows the details of current assessment, local taxes, upper tier taxes (Metropolitan General and Education), and total taxes based on 1985 mill rates for two properties within each municipality. A summary of the variances appears in the following table:

SUMMARY OF CURRENT ASSESSMENT AND TAX VARIATIONS

FOR SAMPLED PROPERTIES IN METROPOLITAN TORONTO

Sales Range (1984) ±10%		Current Assessment $	Local Taxes $	Upper Tier Taxes $	Total Taxes $
100,000	Low - High	3,100 - 6,925	137 - 513	601 - 1,403	738 - 1,823
	Difference	3,825	376	802	1,035
150,000	Low - High	5,325 - 11,325	329 - 761	1,128 - 2,139	1,457 - 2,,900
	Difference	6,000	432	1,011	1,443
200,000	Low - High	6,610 - 12,750	416 - 870	1,415 - 2,583	1,831 - 3,316
	Difference	6,140	454	1,168	1,485

EXHIBIT 2
CURRENT TAXES FOR SAMPLED PROPERTY SALES

SALES RANGE (1984) $100,000 ± 10%

Municipality	Property	Current Assessment $	Local Taxes $	Upper Tier Taxes $	1985 Total Taxes $
TORONTO	A	3,100	137	601	738
	B	5,430	342	1,162	1,504
NORTH YORK	A	5,260	353	993	1,346
	B	6,675	448	1,261	1,709
ETOBICOKE	A	5,375	269	1,089	1,358
	B	6,925	347	1,403	1,750
SCARBOROUGH	A	5,575	349	1,145	1,494
	B	6,800	426	1,397	1,823
YORK	A	5,600	465	1,149	1,614
	B	6,175	513	1,267	1,780
EAST YORK	A	4,460	268	917	1,185
	B	6,625	398	1,362	1,760
Low-High		3,100-6,925	137- 513	601- 1,403	738- 1,823
Difference		3,825	376	802	1,085.
		SALES RANGE (1984) $150,000 ± 10%			
TORONTO	A	5,325	335	1,140	1,475
	B	5,900	372	1,263	1,635
NORTH YORK	A	8,000	538	1,511	2.049
	B	11,325	761	2,139	2,900
ETOBICOKE	A	8,575	429	1,737	2,166
	B	9,450	473	1,914	2,387
SCARBOROUGH	A	8,120	509	1,668	2,177
	B	8,945	561	1,837	2,398
YORK	A	6,020	500	1,235	1,735
	B	8,185	680	1,679	2,359
EAST YORK	A	5,485	329	1,128	1,457
	B	7,600	457	1,563	2,020
Low-High		5,325-11,325	329 - 761	1,128 - 2,139	1,457 - 2,900
Difference		6,000	432	1,011	1,443
		SALES RANGE (1984) $200,000 ± 10%			
TORONTO	A	6,610	416	1,415	1,831
	B	8,150	513	1,745	2,258
NORTH YORK	A	11,900	800	2,247	3,047
	B	12,950	870	2,446	3,316
ETOBICOKE	A	11,400	571	2,309	2,880
	B	12,750	638	2,583	3,221
SCARBOROUGH	A	9,785	613	2,010	2,623
	B	11,500	721	2,362	3,083
YORK	A	8,000	665	1,641	2,306
	B	9,995	830	2,051	2,881
EAST YORK	A	7,225	434	1,486	1,920
	B	8,810	529	1,812	2,341
Low - High		6,610 - 12,750	416 - 870	1,415 - 2,583	1,831 - 3,316
Difference		6,140	454	1,168	1,485

The table shows that for the 12 sales (two for each of the six municipalities) of $100,000 properties that were randomly selected, current assessments varied from $3,100 to $6,925, a difference of $3,825. This is a variance of more than 100%. As would also be expected, taxes on these properties showed an even greater variance, ranging from $738 to $1,823, a difference of $1,085. When 75% of the tax bill is for Metro-wide purposes, this type of discrepancy should not be allowed to persist. Houses selling for $150,000 and $200,000 that were sampled showed the same discrepancies in taxes, approaching a variance level of 100%.

5.2 Assessment Variance of Residential Properties by Municipalities Class 0 (1 - 2 Units)

If all properties within a class were assessed at a constant proportion of market value, reform of assessment practice would be unnecessary. For a variety of reasons already discussed, this condition does not exist among properties within the same classes in the area municipalities. Also, each area municipality has a median value of assessment to market value ratio that is different than the Metropolitan value.

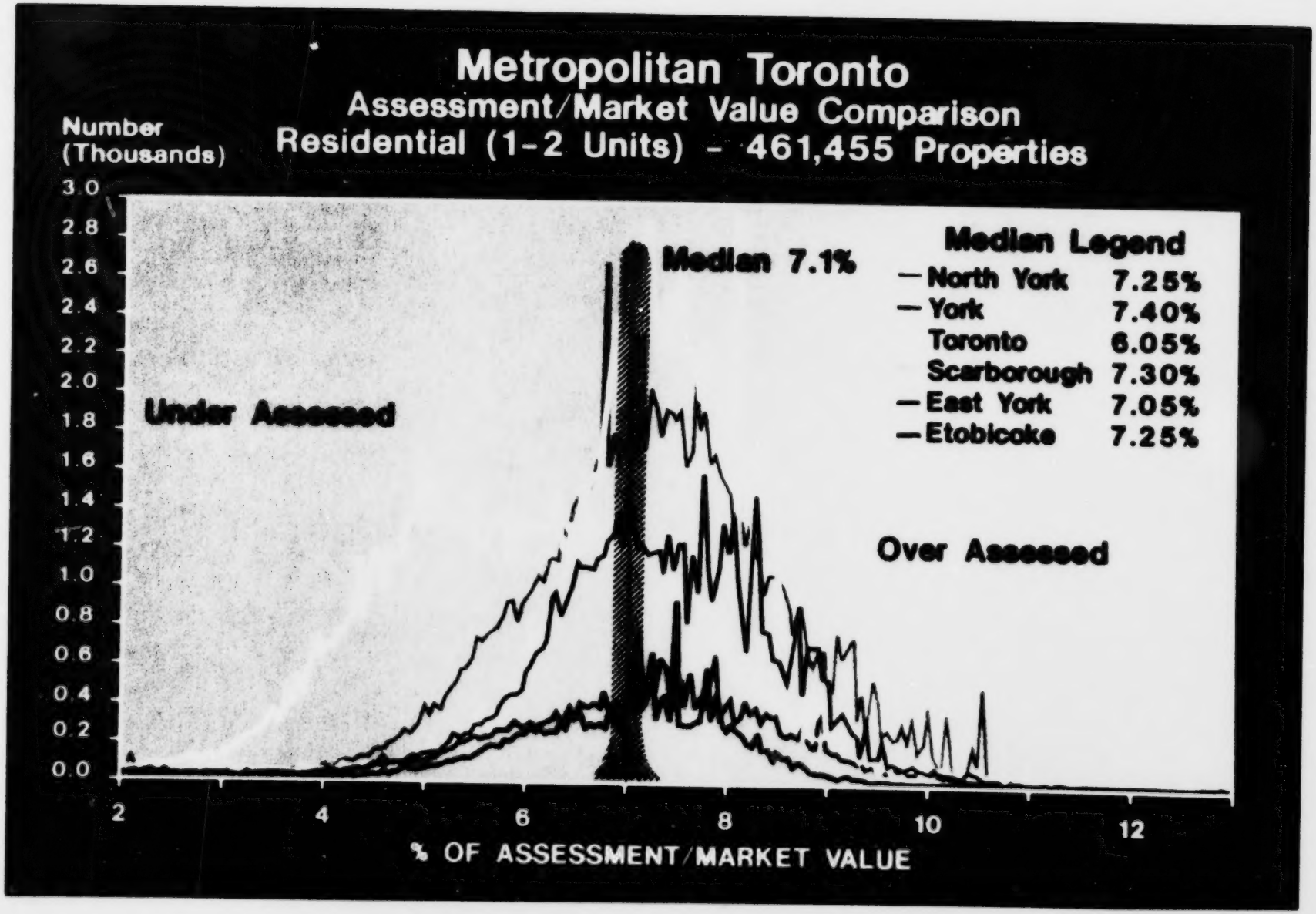
This is illustrated in Exhibit 3. Each curve on the graph represents a distribution of assessment to market value ratios for each area municipality for Class 0 (residential 1-2 units). A total of 461,455 properties in all of Metro are represented on this graph. If properties were all assessed consistently with respect to market value, all properties would have an assessed value that represented the same percentage of market value, and the curves would compress to a vertical line. However, a multitude of assessment to market value ratios exist for properties in each area municipality. Those properties with ratios less than the median indicate under-assessment and, conversely, those properties with ratios greater than the median indicate over-assessment.

Also shown in this exhibit is the median rate of assessment to market value for all 1-2 unit residential properties in Metropolitan Toronto. Any area municipal distribution with a median value below the Metro median of 7.1% indicates that its properties are under-assessed relative to all properties in Metro and, conversely, any municipal distribution with a median value above 7.1% indicates that its properties are over-assessed relative to all properties in Metropolitan Toronto. This provides a general indication of the direction of change in assessment, and hence taxes, that is likely to occur for each municipality under a Metro-wide reassessment program. For example, properties in the City of Toronto with a median value of 6.05% are under-assessed relative to all other properties in Metropolitan Toronto in this class. This is also illustrated by the distribution of properties in the City of Toronto being well to the left of the other distributions, and highlights the degree to which City of Toronto properties, in total, are under-assessed relative to the same properties in all other area municipalities. In other words, the City of Toronto residential properties of 1 to 2 units are assessed further away from market value than those of any other municipality.

It is through a comprehensive Metro-wide reassessment program that these descrepancies can be eliminated and taxes levied more consistently throughout Metropolitan Toronto. Thus, properties of similar market value will have equal or comparable assessments and pay similar taxes for regional and school purposes, regardless of their location in Metro.

Properties that have assessment to market value ratios of 3.5% in Exhibit 3 would see their assessment and taxes double under a reassessment program that attempts to place all assessments for this class of property at 7.1% of market value. Similarly, those properties that are now at 14.2% of market value on this graph would see a 50% reduction in assessment and taxes under the same reassessment program. The important fact to note from this graph

EXHIBIT 3


Metropolitan Toronto
Assessment/Market Value Comparison
Residential (1-2 Units) - 461,455 Properties
Number (Thousands)
3.0
2.8
2.6
2.4
2.2
2.0
1.8
1.6
1.4
1.2
1.0
0.8
0.6
0.4
0.2
0.0
Median 7.1%
Median Legend
— North York 7.25%
— York 7.40%
Toronto 6.05%
Scarborough 7.30%
— East York 7.05%
— Etobicoke 7.25%
Under Assessed
Over Assessed
2
4
6
8
10
12
% OF ASSESSMENT/MARKET VALUE

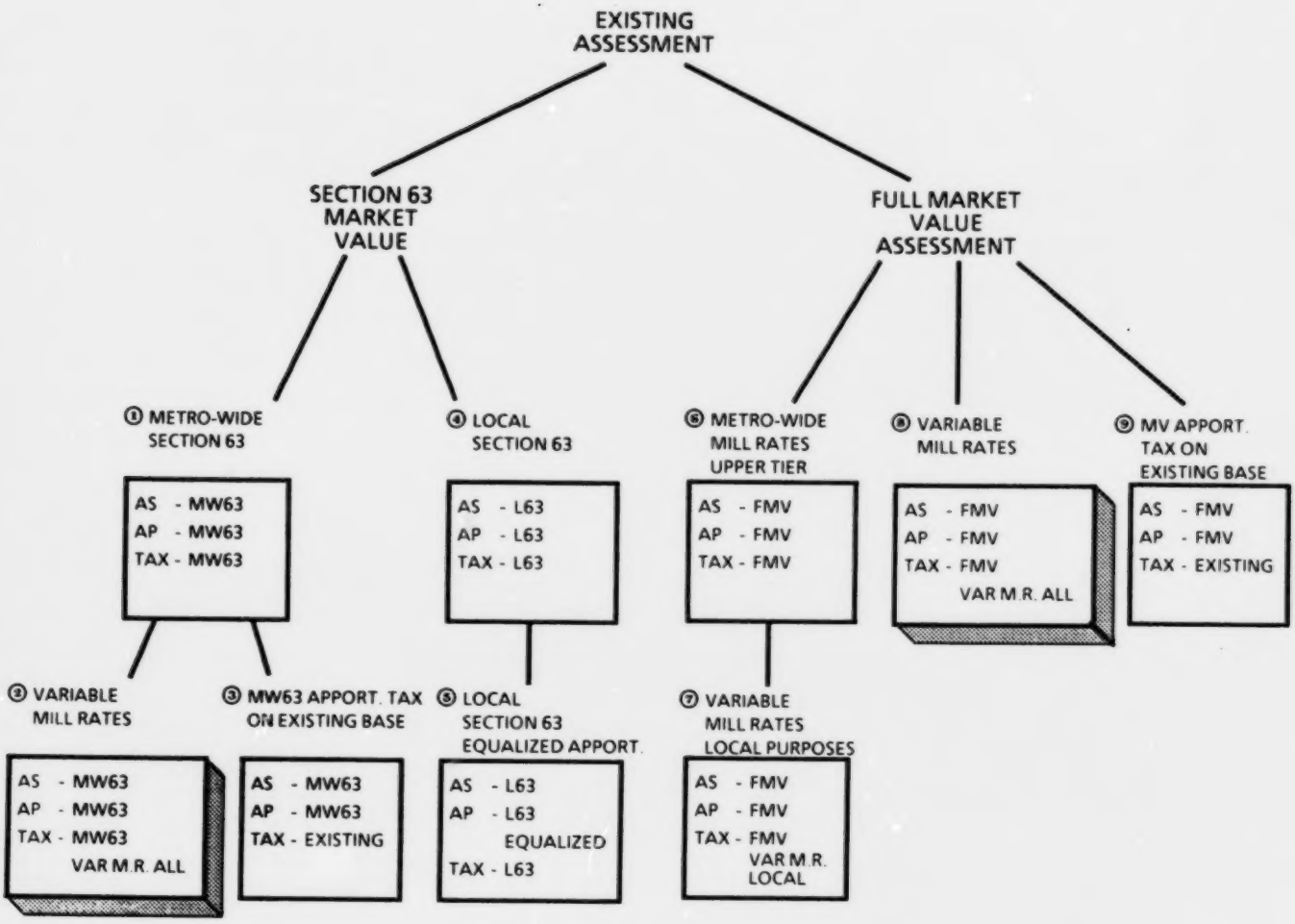
is that there are comparatively few properties in this situation in any area municipality in Metropolitan Toronto. There are a few properties which would experience the large percentage increases or decreases of 100% to 200% that were discussed repeatedly in recent newspaper and television stories. It is evident from this graph that, while this situation would indeed exist, the number of occurrences is relatively small.

It is also important to note that these extreme situations would occur to approximately the same degree under any proposed reassessment program. This chart illustrates that some properties would have large increases, whether a Metro-wide Section 63 or a local Section 63 were implemented. It is the wide dispersion in the current ratios of assessment to market value, not whether a Metro-wide reassessment program or a local reassessment program is adopted, that causes the large shifts.

The analysis in Exhibit 11 of this report illustrates the degree to which a Metro-wide solution to reassessment would be likely to impact individual property taxpayers across Metropolitan Toronto. Under the reassessment framework recommended by the Task Force in Section 8, the majority of residential properties of 1 and 2 units would show a decrease in property assessment and taxes, and no individual property taxpayer in Metropolitan Toronto would experience an increase of more than 2.5% of existing taxes by virtue of the implementation of a Metro-wide solution.

EXHIBIT 4

IMPLEMENTATION OPTIONS FOR REASSESSMENT IN METROPOLITAN TORONTO



LEGEND

AS	ASSESSMENT
AP	APPORTIONMENT
TAX	TAXATION
MW63	METRO-WIDE SECTION 63
VAR M.R.	VARIABLE MILLRATES
L63	LOCAL SECTION 63
FMV	FULL MARKET VALUE

6.0 THE OPTIONS CONSIDERED FOR REASSESSMENT

The Task Force identified and considered nine possible implementation options for reassessment for Metropolitan Toronto, based on either Section 63 or Section 70 of the "Assessment Act". The nine options, therefore, are divided into two main categories; namely, Section 63 Market Value and Section 70 Full Market Value Assessment. These are shown graphically in Exhibit 4 and are described below:

6.1 Section 63 Market Value

Section 63 refers to that part of the "Assessment Act" which enables a municipality to undertake a revision of all property assessments on a market value basis. The market value assigned to each property within a class is then reduced (factored back) so that the total assessment for the class is the same after reassessment as it was before reassessment. This process eliminates inequities among properties within each property class and avoids tax shifts between property classes. Under a Metro-wide Section 63 solution, the residential class of property would be factored back so as to represent the existing total value of the class of property in Metropolitan Toronto which, for example, may be 40% of the total amount in Metropolitan Toronto. Similarly, this class of property in each area municipality would then be factored back to represent 40% of the total assessment in the local municipality. In other words, for taxation purposes, properties in each class would be assessed at the percentage of market value that their respective property classes represent of the total of all assessment in Metropolitan Toronto.

Under a local Section 63, the residential class of property would be factored back to represent the existing total value of assessment provided by this class of property within the local municipality, and each municipality would have a different factor applied to its market value assessment for each class of property. Options 1 through 5 inclusive have Section 63 as their basis for reassessment.

6.1.1 Option 1 - Metro-wide Section 63

Definition:

Assessment	-	Metro-wide Section 63 roll
Apportionment	-	Metro-wide Section 63 roll
Taxation	-	Metro-wide Section 63 roll

This option would provide for reassessment of all properties based on market value. Under this option, the properties within each class of property would be factored back to represent the existing total value of this class of property in Metropolitan Toronto. If, for instance, the total assessment of all single family houses in Metropolitan Toronto is now $1 billion, the total value would stay at $1 billion after implementation of Metro-wide Section 63. So, if the total market value for single family houses is $10 billion, each single family house would be given an assessment value that is 10% of market value. All single family houses throughout Metropolitan Toronto, regardless of which municipality they are located in, would be assessed in the same way at 10% of market value.

Discussion:

This reform option would best insure that properties of all Metropolitan taxpayers within the same class of property, no matter where that property is located in Metropolitan Toronto, would be assessed at the same ratio of market value. This, in turn, would ensure that owners of properties of similar market value within each class of property, and within each municipality, would pay similar taxes for Metropolitan Toronto and School Board purposes.

Viewed from an area municipality perspective, a Metro-wide Section 63 would require that each area municipality would have to adjust the burden of taxation among its classes to reflect the Metropolitan-wide average. This would cause a shift in the total taxes paid by each municipality for upper tier purposes, and would also cause significant changes in the amount of taxes for which each class of property is responsible within each area municipality. Exhibit 5 shows the tax impact resulting from a Metro-wide Section 63 over the current situation.

This option would achieve the goal of assessing properties of similar market values at comparable assessments across Metropolitan Toronto, but would result in tax shifts among property classes that are unacceptable to several area municipalities. For example, while total taxes for the City of Toronto would increase by 2.5%, residential (class 0) taxes would increase by 15.2%, indicating a shift away from the commercial-industrial classes towards the residential classes. Total taxes for the City of Scarborough would increase by 2.4%. However, residential (class 0) would decrease by 6.4% and commercial (class 3) increases by 12.2% and industrial (class 4) increases by 7.3%. Under this option, the various area Municipal Councils would have no choice but to implement the class property tax increases or decreases as prescribed by a Metro-wide Section 63.

Conclusion:

The Advisory Task Force concluded that, while the application of a Metro-wide Section 63 would have the desired effect of ensuring that properties of comparable market values are assessed at equal value and pay similar taxes, the tax shifts that would result among property classes at the area municipality level would be unacceptable. The resulting tax distributions by property class would be too far removed from the current situation. A long phase-in period would have to be recommended with this solution.

EXHIBIT 5

TAX IMPACT OF A METRO-WIDE SECTION 63 (OPTION 1)

DIFFERENCE FROM CURRENT TAXES

BY PROPERTY CLASS AND AREA MUNICIPALITY

Municipality	Class 0 ($000's)	%	Class 1 ($000's)	%	Class 2 ($000's)	%	Class 3 ($000's)	%	Class 4 ($000's)	%	Total ($000's)	%
Toronto	27,641.2	15.2	2,961.5	17.6	2,823.4	2.5	(3,205.1)	(0.5)	(5,885.6)	(10.9)	24,290.4	2.5
North York	(6,698.4)	(3.4)	(797.9)	(29.8)	(3,883.9)	(4.6)	(5,912.4)	(3.6)	7,439.4	9.4	(9,853.4)	(1.9)
Etobicoke	(5,736.3)	(5.1)	(814.4)	(23.9)	227.1	0.6	(1,857.6)	(1.7)	(1,110.0)	(1.6)	(9,279.1)	(2.8)
Scarborough	(10,005.7)	(6.4)	(96.8)	(14.3)	2,923.0	6.0	11,710.2	12.2	3,839.2	7.3	8,369.9	2.4
York	(2,547.4)	(6.4)	(984.7)	(24.6)	256.4	1.3	(117.0)	(0.6)	(2,617.3)	(18.0)	(6,009.9)	(6.3)
East York	587.4	2.0	(147.5)	(22.4)	(1,537.7)	(6.8)	(1,121.5)	(8.4)	(2,417.2)	(20.1)	(4,636.5)	(6.0)

Note: Numbers in brackets indicate a tax decrease.

6.1.2 Option 2 - Variable Class Mill Rates

Definition:

Assessment	-	Metro-wide Section 63 roll
Apportionment	-	Metro-wide Section 63 roll
Taxation	-	Metro-wide Section 63 roll Property class mill rates set by each area municipality to reflect the existing tax burden by property class

This option is similar to Option 1, but would allow each area municipality the flexibility to vary mill rates by property class in order to maintain current tax burdens that exist in each area municipality. The Task Force believed that this option had considerable merit and requested more detailed investigation and analysis of it. A full discussion of this option is contained in Section 8 of this report.

6.1.3 Option 3 - Metro-wide Section 63 Apportionment - Tax on Existing Assessment Base

Definition:

Assessment	-	Metro-wide Section 63 roll and existing assessment roll
Apportionment	-	Metro-wide Section 63 roll
Taxation	-	Existing assessment roll

Discussion:

Under this option, the apportionment of upper tier costs (Metropolitan and educational) would be based on a reassessment determined by the application of a Metro-wide Section 63 process. Taxes, on the other hand, would be raised from the existing assessment base. This option would permit the redistribution of upper tier costs among the area municipalities, based on Section 63 reassessment values. For example, the City of Toronto's increase of 2.5% would be spread proportionately across each and every property in the city. Similarly, the decrease of 2.9% for the City of Etobicoke would be proportionately distributed across each and every property in Etobicoke.

However, no correction would be made to ensure that properties of similar market values are assessed at a constant proportion of market value for taxation purposes within classes of property in the municipality.

Conclusions:

The Task Force rejected this option for two reasons. Firstly, two assessment rolls would be required, one for apportionment and one for taxation. This would create unnecessary confusion for municipal officials and taxpayers across Metro. In addition, the option would not solve the major assessment and, hence, taxation differences among properties of similar market value within each municipality. The basic problem of a wide range of assessment to market value ratios would still persist for properties within all municipalities.

6.1.4 Option 4 - Local Section 63

Definition:

Assessment	-	Local Section 63 roll
Apportionment	-	Local Section 63 roll
Taxation	-	Local Section 63 roll

Discussion:

This option has been considered by several municipalities within Metropolitan Toronto. The Council of the City of Scarborough approved a recommendation requesting the Province of Ontario to implement a local Section 63. The Councils of Etobicoke and East York both approved recommendations seeking implementation of a local Section 63 for certain property classes.

Under this option, each property within a class would be assessed at the average assessment to market value ratio for all similar properties within each municipality. This would ensure that properties of comparable market value would have similar assessed values and, therefore, pay similar taxes within the municipality. The disparities that exist within a municipality, in terms of assessment value and taxation payments among properties, would initially be eliminated. However, there is no assurance that properties within each class would be assessed at the average assessment to market value ratio that exists for this class of property across Metropolitan Toronto. As a result, comparable properties would not have equivalent assessments or pay similar taxes across Metropolitan Toronto.

Conclusion:

The Task Force rejected this option on the basis that it would not achieve one of the major objectives of assessment reform - that properties of comparable market value be assessed equally and therefore, pay similar taxes for upper tier purposes regardless of where they are located in Metropolitan Toronto. This solution would not allow for Metropolitan-wide concerns to be addressed.

6.1.5 Option 5 - Local Section 63 - Equalized Apportionment

Definition:

Assessment	-	Local Section 63 roll
Apportionment	-	Local Section 63 roll equalized
Taxation	-	Local Section 63 roll

Discussion:

This option would attempt to solve the apportionment problem referred to in Option 4 by equalizing the assessment bases of each area municipality using average factors for assessment to market value ratios obtained from sample data. In this manner, an attempt would be made to apportion upper tier taxes so that properties of comparable market values would bear equivalent amounts of upper tier taxes.

Conclusion:

The Task Force rejected this option for two reasons. Firstly, while the procedure would ensure that 75% of the tax bill would be distributed fairly (or as fairly as possible using equalizing factors), it would do so using average numbers which can only approximate market conditions, applied to a total assessment base. It, therefore, would not ensure that properties of comparable market values would bear similar taxes for upper tier purposes. It would also require using two different sets of numbers; one for taxation and another for apportionment purposes. This would have the potential to create confusion among taxpayers in Metropolitan Toronto.

6.2 Full Market Value Assessment

Full market value assessment can be brought about using Section 70 of the "Assessment Act". The major difference between full market value reassessment and a Section 63 reassessment program is that under the former there are no limiting factors applied to the assessment proportions by property class, to reflect existing assessment proportions at either the local or Metro-wide level. The proportion of total assessment that is attributed to each property class is determined solely by market factors. Tax shifts among property classes, therefore, follow current market trends without any constraints. The historical taxing patterns within municipalities are difficult to maintain and require major adjustments to mill rates. Options 6, 7, 8 and 9 are based on this reassessment methodology.

6.2.1 Option 6 - Metro-wide Mill Rates for Upper Tier Taxes

Definition:

Assessment	-	Market value roll
Apportionment	-	Market value roll
Taxation	-	Market value roll

Discussion:

As previously discussed, there would be no constraints on property class proportions in this option, such as those that exist with a Section 63 program. Exhibit 6 shows that the implementation of this option would result in massive tax shifts from the multi-residential, commercial and industrial (Classes 2, 3 and 4) property classes to the single family residential class (Class 0). This occurs because multi-residential and commercial-industrial properties are currently closer to market value than are properties in the single family property class.

Exhibit 6 shows that total tax increases in residential class 0 would range from 45.6% for the City of York, to 85.1% for the City of Toronto. Multi-residential total tax decreases range from 41.7% for the City of Scarborough, to 48.4% for the Borough of East York. Industrial class decreases range from 24.2% to 44.7%.

Conclusions:

The Task Force members concluded that these tax shifts towards residential taxpayers would be far too great to incur and rejected this option.

EXHIBIT 6

TAX IMPACT OF FULL MARKET VALUE REASSESSMENT (OPTION 6)

DIFFERENCE FROM CURRENT TAXES

BY PROPERTY CLASS AND AREA MUNICIPALITY

Municipality	Class 0 ($000's)	%	Class 1 ($000's)	%	Class 2 ($000's)	%	Class 3 ($000's)	%	Class 4 ($000's)	%	Total ($000's)	%
Toronto	154,528	85.1	5,834	34.7	(47,489)	(41.9)	(113,564)	(18.9)	(19,879)	(36.9)	(20,570)	(2.0)
North York	101,084	51.8	(573)	(21.4)	(40,058)	(47.1)	(38,046)	(23.1)	(19,223)	(24.2)	3,184	0.6
Etobicoke	56,846	50.0	(488)	(14.3)	(17,545)	(44.0)	(23,204)	(21.1)	(21,619)	(31.4)	(6,010)	(1.8)
Scarborough	71,523	45.9	(33)	(4.9)	(20,414)	(41.7)	(10,786)	(11.2)	(13,822)	(26.2)	26,468	7.5
York	18,028	45.6	(655)	(18.4)	(8,829)	(44.4)	(3,854)	(21.5)	(6,359)	(43.7)	(1,669)	(1.7)
East York	17,404	60.0	(87)	(13.2)	(10,959)	(48.4)	(3,610)	(27.0)	(5,387)	(44.7)	(2,639)	(3.4)

Note: Numbers in brackets indicate a tax decrease.

6.2.2 Option 7 - Variable Class Mill Rates - Local Taxes

Definition:

Assessment	-	Market value roll
Apportionment	-	Market value roll
Taxation	-	Market value roll Property class mill rates set by each area municipality to reflect the existing tax burden by property class for local taxes only

Discussion:

This option would give municipalities the flexibility to establish mill rates for local purposes that would reflect current taxing patterns by property class for local taxes (i.e. 25% of the tax bill only). Upper tier mill rates would not be permitted to vary from their Metro-wide values. Tax shifts would, therefore, occur, reflecting the changes brought about by market value assessment and its impact on upper tier taxes. In summary, this option would allow each municipality the flexibility to offset a portion of tax shifts occuring due to market value assessment. However, the major portion (75%) of the tax bill would still be driven by market values and the resulting tax shifts would almost be as great as those which would occur under the Full Market Value Option 6.

Conclusion:

The Task Force rejected this option because unacceptable tax shifts would occur towards the residential property classes from use of full market value for all apportionment of upper tier levies.

6.2.3 Option 8 - Variable Class Mill Rates

Definition:

Assessment	-	Market value roll
Apportionment	-	Market value roll
Taxation	-	Market value roll Property class mill rates set by each area municipality to reflect the existing tax burden by property class

Discussion:

Under this option, assessment, apportionment and taxation would all be based on market values. Each municipality, however, would be given the flexibility to set class mill rates for taxation purposes that reflect their existing tax proportions by property class. In this respect, the option is similar to Option 2, the difference being that it has as its basis in the first instance a full market value reassessment program. The Task Force requested that, in addition to Option 2, this option be analyzed further. A full discussion of Option 8 is contained in Section 7 of this report.

6.2.4 Option 9 - Market Value Apportionment - Tax on Existing Assessment Base

Definition:

Assessment	-	Market value roll
Apportionment	-	Market value roll
Taxation	-	Existing roll

Discussion:

This option is similar to Option 3 in that apportionment and taxation would be based on different assessment rolls. The apportionment of upper tier taxes would be based on full market value assessment, while taxation would be determined using the existing assessment roll. The total changes in apportioned taxes for each area municipality would be the same as they would be in Option 6.

As in Option 3, the difference in apportioned taxes would be spread proportionately over properties in each property class. For example, every property in each property class in the City of Scarborough, would incur a 7.5% increase in property taxes.

Conclusion:

The Task Force rejected this option for the same reasons that it rejected Option 3. Namely, two assessment rolls would be required, one for apportionment and one for taxation. This would create unnecessary confusion for municipal officials and taxpayers across Metro. Also, the option would not solve the major assessment and, hence, taxation differences among similar properties within each municipality. The basic problem of a wide range of assessment to market value ratios would still persist.

EXHIBIT 7

TAX IMPACT OF FULL MARKET VALUE REASSESSMENT

WITH VARIABLE CLASS MILL RATE (OPTION 8)

DIFFERENCE FROM CURRENT TAXES

BY PROPERTY CLASS AND AREA MUNICIPALITY

Municipality	Class 0 ($000's)	%	Class 1 ($000's)	%	Class 2 ($000's)	%	Class 3 ($000's)	%	Class 4 ($000's)	%	Total ($000's)	%
Toronto	(3,862)	(2.1)	(358)	(2.1)	(2,407)	(2.1)	(12,799)	(2.1)	(1,144)	(2.1)	(20,570)	(2.0)
North York	1,184	0.6	16	0.6	513	0.6	993	0.6	478	0.6	3,184	0.6
Etobicoke	(2,035)	(1.8)	(61)	(1.8)	(715)	(1.8)	(1,968)	(1.8)	(1,231)	(1.8)	(6,010)	(1.8)
Scarborough	11,654	7.5	50	7.5	3,655	7.4	7,178	7.5	3,931	7.4	26,468	7.5
York	(689)	(1.7)	(70)	(1.7)	(346)	(1.8)	(311)	(1.7)	(253)	(1.7)	(1,669)	(1.7)
East York	(984)	(3.4)	(22)	(3.4)	(769)	(3.4)	(455)	(3.4)	(409)	(3.4)	(2,639)	(3.4)

Note: Numbers in brackets indicate a tax decrease.

7.0 DETAILED ANALYSIS OF OPTION 8

The Task Force requested that a detailed analysis be undertaken of Option 8. This option would allow mill rates to be applied to each class of property within each municipality, so that the current tax burden could be maintained after a full market value reassessment was completed. The detailed shifts in the tax burden which would result from this option are shown in Exhibit 7.

7.1 The Overall Tax Shifts Among Municipalities

The tax shifts that have occurred among municipalities by virtue of changes in relative wealth over the past 33 years are shown in the last column of Exhibit 7. These tax shifts are dramatically different from those shifts that would occur due to a Metro-wide Section 63. The comparison is shown in the following table:

TAX IMPACT COMPARISONS
METRO-WIDE SECTION 63 VERSUS
FULL MARKET VALUE REASSESSMENT

	Metro-wide Section 63		Full Market Value Reassessment	
Municipality	$ Millions	%	$ Millions	%
TORONTO	24.3	2.5	(20.5)	(2.1)
NORTH YORK	(9.8)	(1.9)	3.2	.6
ETOBICOKE	(9.3)	(2.8)	(6.0)	(1.8)
SCARBOROUGH	8.4	2.4	26.5	7.5
YORK	(6.0)	(6.3)	(1.7)	(1.7)
EAST YORK	(4.6)	(6.0)	(2.6)	(3.4)

Note: Numbers in brackets indicate tax decrease.

EXHIBIT 8

TAX VARIATIONS OF SELECTED OPTIONS ON SAMPLED PROPERTY SALES

SALES RANGE (1984) $100,000 ± 10%

Municipality	Property	1985 Total Taxes $	Metro-Wide Section 63 Total Taxes $	Option 2 Total Taxes $	Option 8 Total Taxes $
TORONTO	A	738	1,440	1,282	1,232
	B	1,504	1,292	1,151	1,106
NORTH YORK	A	1,346	1,439	1,466	1,512
	B	1,709	1,458	1,484	1,530
ETOBICOKE	A	1,358	1,281	1,314	1,336
	B	1,750	1,404	1,440	1,464
SCARBOROUGH	A	1,494	1,251	1,371	1,449
	B	1,823	1,415	1,550	1,638
YORK	A	1,614	1,487	1,493	1,573
	B	1,780	1,427	1,432	1,510
EAST YORK	A	1,185	1,437	1,361	1,407
	B	1,760	1,547	1,429	1,476
Low-High		738 - 1,823	1,251 - 1,547	1,151 - 1,550	1,106 - 1,638
Difference		1,085	296	399	532
		SALES RANGE (1984) $150,000 ± 10%			
TORONTO	A	1,475	1,661	1,480	1,422
	B	1,635	2,123	1,891	1,817
NORTH YORK	A	2,049	2,002	2,038	2,102
	B	2,900	2,318	2,360	2,434
ETOBICOKE	A	2,166	2.035	2,088	2,122
	B	2,387	2,194	2,250	2,287
SCARBOROUGH	A	2,177	2,086	2,286	2,415
	B	2,398	2,286	2,504	2,646
YORK	A	1,735	2,210	2,219	2,340
	B	2,359	2,331	2,340	2,467
EAST YORK	A	1,457	2,081	1,923	1,986
	B	2,020	1,971	1,821	1,881
Low-High		1,457 - 2,900	1,661 - 2,331	1,480 - 2,504	1,422 - 2,646
Difference		1,443	670	1,024	1,224
		SALES RANGE (1984) $200,000 ± 10%			
TORONTO	A	1,831	2,456	2,186	2,102
	B	2,258	2,566	2,285	2,196
NORTH YORK	A	3,047	2,433	2,467	2,544
	B	3,316	2,388	2,431	2,508
ETOBICOKE	A	2,880	2,544	2,610	2,707
	B	3,221	2,492	2,556	2,598
SCARBOROUGH	A	2,623	2,685	2,883	3,108
	B	3,083	2,939	3,220	3,402
YORK	A	2,306	2,874	2,885	3,041
	B	2,881	3,115	3,127	3,297
EAST YORK	A	1,920	2,726	2,518	2,601
	B	2,341	2,615	2,416	2,496
Low-High		1,831 - 3,316	2,388 - 3,115	2,186 - 3,220	2,102 - 3,402
Difference		1,485	727	1,034	1,300

Under this option, the City of Toronto property taxpayers would have a tax reduction of $20.5 million or 2.1%. Taxpayers in all other municipalities would compare less favourably than under a Metro-wide Section 63 reassessment program. This is primarily due to the fact that the large commercial class of property in the City of Toronto is closer to market value than are property classes in any other area municipalities. Also noteworthy is the magnitude of increase that would be experienced by the City of Scarborough. Their increase would rise from $8.4 million under a Metro-wide Section 63 program to $26.5 million under a full market value program. This would result from the large class of residential single family properties in Scarborough being further from market value than are similar properties in other area municipalities.

The effect of Option 8 would be to distribute the total tax change for each municipality, caused by the full market value reassessment program, proportionately over all property classes in the municipality. For example, the total tax increase of 7.5% for the City of Scarborough would be spread proportionately over each property class. Exhibit 7 shows a 7.5% increase in the relative tax share to Scarborough. It also shows that as a result, classes 0, 1, 2, 3 and 4 would absorb a 7.5% increase in taxes because the relative wealth in the City of Scarborough, as reflected by property assessment, has increased 7.5% in comparison to the total assessment in Metropolitan Toronto. By allowing municipalities the flexibility to adjust class mill rates, tax shifts among property classes within the municipality would be eliminated.

7.2 The Tax Shifts for Individual Properties

Exhibit 8 compares taxes under the current system, Metro-wide Section 63, Option 2 and Option 8 for the sampled properties used at the beginning of the discussion paper, for sales ranges of $100,000, $150,000 and $200,000. The results are summarized in the following table:

SUMMARY OF TAX VARIATION FOR THE CURRENT SITUATION AND OPTIONS 1, 2 AND 8

(1984) Sales Range 1984 +10% $	1985 Total Tax Variation $	Option 1 Metro-wide Section 63- Total Tax Variation $	Option 2 Metro-wide Section 63 Variable Class Mill Rates- Total Tax Variation $	Option 8 Full Market Value Reassessment Variable Class Mill Rates- Total Tax Variation $
100,000	1,085	296	399	532
150,000	1,424	670	1,024	1,224
200,000	1,485	727	1,034	1,300

The table summarizes the tax variations that now exist for the sampled properties discussed previously, and what would occur from the application of a Metro-wide Section 63 and for reassessment using Options 2 and 8. For properties valued at $100,000, the table shows that the variation that now exists in taxes, for the sampled properties, is $1,085. Under a Metro-wide Section 63 the variance would be reduced by approximately 75% to $296. Reassessment using Option 8 would reduce the variance to $532 for $100,000 properties. Similarly, in the other sales ranges sampled, Option 8 would reduce the variance on taxes from existing levels, but would not achieve the reduction in variance that a Metro-wide Section 63 would achieve.

A full analysis of Option 2 is contained in Section 8. The wider variation that is exhibited in Option 8 would result from the use of full market values with no attempt to maintain the current assessment proportions by property class. The adjustments in mill rates required to reflect current tax burdens by property class that now exist for each area municipality, result in a greater final tax variation than required under a Metro-wide Section 63 reassessment program.

7.3 The Impact on Mill Rates

Exhibit 9 shows the mill rates required to achieve the adjustments needed under Option 8 to reflect existing tax burdens by class of property. It is apparent that considerable variation in current mill rates would result from using full market values in the mill rate calculation on the one hand, or from the adjustments required to reflect current tax burdens, on the other. To illustrate the latter, the mill rates for multi-residential units are approximately three times those for single family residential units. The same order of disparity would exist between the commercial and industrial classes and residential class 0.

7.4 Conclusion

The Task Force concluded that use of full market value reassessment, without constraining property class totals to either existing municipal or Metropolitan proportions, would produce readjustments among property classes that were too far removed for existing conditions. The proportion of taxes that each class of property pays with respect to all other classes of property is, in the final analysis, a political decision. In addition, the variance that would result from the application of full market value reassessment and the application of local class mill rates would reduce the assessment and variance from existing levels, but not to the extent that a Metro-wide Section 63 with the same option would achieve. Finally, the mill rate used for single family and multi-residential properties would show a large difference, suggesting unequal treatment of residential properties in municipalities.

EXHIBIT 9

MILL RATES REQUIRED TO RETAIN EXISTING TAX DISTRIBUTIONS BY PROPERTY CLASS FOR EACH AREA MUNICIPALITY UNDER OPTION 8

Municipality	Class 0	Class 1	Class 2	Class 3	Class 4
TORONTO	15.8	21.7	50.4	42.4	54.6
NORTH YORK	18.4	35.6	52.9	42.8	43.4
ETOBICOKE	18.3	32.0	49.0	40.9	47.1
SCARBOROUGH	21.0	32.2	52.6	40.6	48.9
YORK	21.3	37.0	55.7	46.4	64.8
EAST YORK	17.6	32.4	54.6	45.4	59.9

8.0 DETAILED ANALYSIS OF OPTION 2

The Ministry of Revenue, in co-operation with the Ministry of Municipal Affairs, was requested by the Task Force to make a special detailed impact study for this option. Essentially, individual mill rates were applied to each class of property within each municipality, so that the current tax burden that existed before reform for each class of property could be maintained after a Metro-wide Section 63 roll was introduced. The detailed results of this option are shown in Exhibit 10.

8.1 The Overall Tax Shifts Among Municipalities

Under this recommended solution, tax shifts occurred among municipalities by virtue of changes in the relative wealth of assessment over the past 33 years, as measured by market value data. The current proportions of assessment, by property class, were maintained on a Metro-wide basis. The last column (Total) of Exhibit 10 shows the dollar and percentage shifts in taxes for all the municipalities.

Toronto was apportioned $24.3 million or 2.5% more in upper tier taxes to reflect the change in its assessment wealth compared to the total assessment in Metropolitan Toronto. For the same reasons, Scarborough attracted $14 million in additional taxes, which represents 2.4% more of the total pie. The sum of these two changes was entirely offset by the lesser share of taxes required in North York, Etobicoke, York and East York, because their proportions of the total assessment in Metropolitan Toronto had shifted somewhat. The effect, in total upper tier taxes borne by each municipality, was the same as for a pure Metro-wide Section 63 program (Option 2 - see Exhibit 5). However, unlike Option 1, Option 2 allows for distribution of the total change in taxes for each municipality caused by the Metro-wide Section 63 reassessment, proportionately over all property classes in the municipality. For example, the total tax increase of 2.5% for the City of Toronto would be spread proportionately over each property in each property class.

EXHIBIT 10

TAX IMPACT OF A METRO-WIDE SECTION 63

WITH VARIABLE CLASS MILL RATES (OPTION 2)

DIFFERENCE FROM CURRENT TAXES

BY PROPERTY CLASS AND AREA MUNICIPALITY

Municipality	Class 0 ($000's)	%	Class 1 ($000's)	%	Class 2 ($000's)	%	Class 3 ($000's)	%	Class 4 ($000's)	%	Total ($000's)	%
Toronto	4,561.2	2.5	422.8	2.5	2,845.7	2.5	15,108.1	2.5	1.352.2	2.5	24.290.1	2.5
North York	(3,650.4)	(1.9)	(50)	(1.9)	(1,589.8)	(1.9)	(3,079.8)	(1.9)	(1,482.9)	(1.9)	(9,852.9)	(1.9)
Etobicoke	(3,143.6)	(2.8)	(94)	(2.8)	(1,104.8)	(2.7)	(3,037.4)	(2.8)	(1,902.2)	(2.8)	(9,282.2)	(2.8)
Scarborough	3,684.5	2.3	15.9	2.3	1,155.8	2.4	2,270.0	2.4	1,243.2	2.4	8,369.7	2.4
York	(2,479.0)	(6.3)	(250.8)	(6.2)	(1,246.2)	(6.3)	(1,122.4)	(6.3)	(911.4)	(6.2)	(6,098.9)	(6.3)
East York	(1,729.4)	(6.0)	(39.4)	(5.9)	(1,351.0)	(6.0)	(797.1)	(6.0)	(719.4)	(6.0)	(4,636.4)	(6.0)

Note: Numbers in brackets indicate a tax decrease.

Exhibit 10 shows a 2.5% increase in relative tax share to Toronto. It also shows that, as a result, classes 0, 1, 2, 3 and 4 all absorbed a 2.5% increase in taxes which reflects the fact that the relative wealth of adjusted assessment for properties in the City of Toronto had increased 2.5% in comparison to the total assessment in Metropolitan Toronto.

By allowing municipalities the flexibility to adjust mill rates in this manner, tax shifts among property classes can be eliminated at the local municipal level. The end result is similar to a local Section 63 option, with the exception of the change in apportioned upper tier taxes to each municipality.

8.2 The Tax Shifts for Individual Properties

The total number and magnitude of property increases and decreases under this option would be virtually the same as with a local Section 63. Exhibit 8 compares taxes under the current system, Metro-wide Section 63, Option 2 and Option 8 for the same properties used earlier in the discussion paper for properties with 1984 sales of $100,000, $150,000 and $200,000.

The results are summarized in the table below:

SUMMARY OF TAX VARIATION FOR THE CURRENT SITUATION AND OPTIONS 1, 2 AND 8

Sales Range 1984 +10% $	1985 Total Tax Variation $	Option 1 Metro-wide Section 63 - Total Tax Variation $	Option 2 Metro-wide Section 63 Variable Class Mill Rates - Total Tax Variation $	Option 8 Full Market Value Reassessment Variable Class Mill Rates - Total Tax Variation $
100,000	1,085	296	399	532
150,000	1,443	670	1,024	1,224
200,000	1,485	727	1,034	1,300

EXHIBIT 11

TAX IMPACT STUDY OF A METRO-WIDE SECTION 63 WITH VARIABLE CLASS MILL RATES

TAX INCREASE/DECREASE DISTRIBUTION

CLASS	TORONTO		NORTH YORK		ETOBICOKE	
	Increase %	Decrease %	Increase %	Decrease %	Increase %	Decrease %
Res.1-2 units	43.2	56.8	37.9	62.1	38.3	61.7
Res.3-6 units	57.5	41.5	45.4	54.6	42.2	37.8
Multi-Res. - 7 units +	44.5	35.5	34.1	65.9	29.7	68.8
Commercial	56.6	43.4	54.3	45.7	54.0	46.0
Industrial	58.6	41.4	32.5	67.5	70.3	29.7
All Properties	46.8	53.2	37.9	62.1	38.1	61.9

CLASS	SCARBOROUGH		YORK		EAST YORK	
	Increase %	Decrease %	Increase %	Decrease %	Increase %	Decrease %
Res.1-2 units	50.7	49.3	33.2	66.7	30.9	69.1
Res.3-6 units	48.6	51.4	39.9	60.1	41.8	58.2
Multi-Res. - 7 units +	40.6	59.4	22.2	77.8	19.1	80.9
Commercial	65.9	34.1	47.4	52.6	62.0	38.0
Industrial	67.8	32.2	72.6	27.4	75.5	24.5
All Properties	50.0	50.0	31.3	68.7	28.3	71.7

The above table summarizes the tax variations that now exist, what would occur to the sampled properties discussed previously from the application of a Metro-wide Section 63, and from Option 2 and Option 8. For the property valued at $200,000, the analysis shows that the variation that now exists in taxes for the sampled properties is $1,485. Under a Metro-wide Section 63, the variance would be cut in half to $727, while Option 8 would reduce the variance slightly. Option 2 would not achieve the reduction shown by a Metro-wide Section 63, but would reduce the variance to $1,034, which is considerably better than the $1,300 achieved under Option 8.

The tax impact study for this option was requested by the Task Force and will be available with the release of this study. The proportion of properties in each class in each municipality that would experience increased or decreased taxes is shown in Exhibit 11.

The most important factor to note from this table is that, with the implementation of this option, the number of residential 1-2 unit properties that would experience a decrease in taxes would exceed the number of properties that experience an increase in taxes in all municipalities, with the exception of Scarborough, where the split is 50/50. Reference to this table shows that in Toronto, 43% of single family properties would experience an increase, while 57% of the properties would experience a decrease. In East York, this trend is most pronounced, as 31% of the properties (residential 1-2 units) would experience an increase, while 69% of the properties would show a decrease in taxes. When all properties in a municipality are considered, the number that would experience decreases exceeds the number of properties that would experience tax increases.

Since it is the same pie that is being divided, this suggests that the amount of average tax increase is greater than the amount of the average tax decrease.

8.3 The Impact on Mill Rates

Exhibit 12 shows the mill rates used for 1985 to achieve the adjustments required under Option 2. It is apparent that, while there is considerable variation, the magnitude of adjustment in mill rates would still maintain a relationship that is familiar to the taxpayers in each municipality.

The Advisory Task Force also discussed an interesting feature that this option could provide. If a municipality experienced results under Option 2 for the two classes of property that now exist, namely, residential and industrial-commercial, that are of the same magnitude as for a Metro-wide Section 63 (Option 1), then the municipality may choose to continue simply with two mill rates, one for residential and one for industrial-commercial. A review of Exhibits 5 and 10 shows this condition exists for the City of York, and with minor change may be a satisfactory solution for some of the other municipalities. This would considerably simplify the administrative process and maintain two mill rates instead of five mill rates. This option should be provided for any Council that may wish to maintain two mill rates.

8.4 The Implementation Strategy

The framework described for the use of a Metro-wide Section 63 solution that permits the use of variable class mill rates for the most part may eliminate the need for a financial phase-in of the reform options in Metropolitan Toronto. However, it should not preclude discussion of phase-in periods should this be requested.

This option would minimize the consequence of Metro-wide tax burden shifts by permitting the shifts to be shared equally among all properties within a municipality. The implementation strategy would be to suggest that a local municipality could move immediately to the Metro-wide Section 63 (Option 1)

position should it wish to do so. Should a municipality not wish to do so, it would be required to use the Metro-wide Section 63 assessment roll, but could adjust the mill rates on each of its classes of properties to maintain the existing tax burden and ensure that no shift in tax burden occurred among classes of property, by virtue of the introduction of reform. Should a municipality not wish to maintain the existing burden, but not want to make the full move to the Metro-wide average, it would be permitted to establish mill rates somewhere in between the existing position in the municipality and the Metropolitan average. No municipality would be allowed to set mill rates for classes of property that moved the municipality in question further away from the Metro-wide class averages. However, a municipality could establish its own timetable to move towards the Metro-wide average.

This framework would permit the most flexible and digestible way of implementing a Metro-wide reassessment solution, while maintaining maximum local flexibility for phasing in the impact, notwithstanding any funding made available for hardship situations.

EXHIBIT 12

MILL RATES REQUIRED TO RETAIN TAX DISTRIBUTIONS BY PROPERTY CLASS FOR EACH AREA MUNICIPALITY UNDER OPTION 2

Municipality	Class 0	Class 1	Class 2	Class 3	Class 4
TORONTO	241.3	236.4	271.3	328.9	367.3
NORTH YORK	262.2	361.0	265.4	309.0	272.4
ETOBICOKE	264.0	329.6	249.3	300.1	299.8
SCARBOROUGH	291.6	318.6	257.5	286.2	299.2
YORK	295.8	367.1	273.2	327.7	397.1
EAST YORK	249.5	327.9	273.1	326.9	374.6

9.0 YEAR OF VALUATION FOR MARKET VALUE ASSESSMENT

The impact studies on which the analysis in this report are based use the 1984 assessment roll with 1980 market values. The Metropolitan Council, in October, 1985, requested the Ministry of Revenue to update the rolls to 1984 market values. The response from the Minister has been that the expense of reassessment to 1984 market values (estimated at $4-6 million) is not warranted until such time as there is a positive indication of intent by the Metropolitan Council to implement market value assessment. Given the time for positions to be developed by all Councils, and the time required to effect a reassessment in Metropolitan Toronto (estimated at 8 months), it is clear that there is not sufficient time for the Province to develop 1984 market values to be used as the basis for taxation reform in 1987.

While it is unfortunate that more current/recent assessment numbers are not available, the advantage of using 1980 values is that they have been thoroughly analyzed. Values based on 1980 assessment figures are certainly better than the continued use of 1954 assessment figures, which were based on 1940 values.

It should also be noted that valuations by the Ministry of Revenue are established to capture trends in the market, rather than sale prices, at a particular moment. This feature allows assessors to examine real property transactions, both before and after the base year, to determine whether the values represented by a given base year's sales reflect market value or temporary aberrations in the market.

It was the understanding of the Task Force that updates of market values on assessment rolls would be available on a four year cycle starting from 1980, with updates in 1984, 1988, 1992, etc. While significant shifts would not be anticipated for these intervals, data published for the City of Toronto, based on 1975 market values, when compared with the 1980 market value data,

indicated that the possibility of shifts indeed exists, particularly at the ward level. Across Metropolitan Toronto the changes are much more constant and predictable, in both magnitude and direction.

The Task Force reasoned that the most appropriate year to implement reassessment in Metropolitan Toronto is for the 1987 taxation year. Otherwise, delays for election years, either municipal or provincial, or delays in anticipation of market value assessment would interfere with the decision-making process. Therefore, the Task Force concluded that achieving concensus for reassessment in 1987 was the overriding consideration, and the tight timetable included in the recommendation reflects this fact.

The year of valuation used for market values was an important consideration, but there remained overwhelming reasons for the need for reassessment to proceed in Metropolitan Toronto and in 1987 with the use of 1980 market values, if possible.

10.0 CONCLUSIONS

Reassessment in Metropolitan Toronto is long overdue. An assessment system that is based on 1940 property values cannot be defended for use in 1986 in a Metropolitan jurisdiction containing a quarter of the population of the Province of Ontario.

While the need for reassessment is well documented, its implementation represents only one step in an on-going process of required changes in the public finance system. Metropolitan Toronto should continue to explore all avenues that might produce a better alignment between responsibilities discharged and direct access to additional revenue sources to meet these responsibilities. However, as a priority in this on-going process, the assessment system used in Metropolitan Toronto should be revised. There is every indication from the Government of Ontario that it will respond in a manner that will facilitate reassessment, if the will exists among the elected officials to act.

In conducting its deliberations, the Metropolitan Toronto Advisory Task Force was innovative and constructive in exploring all the options for the implementation of a market value based assessment system in Metropolitan Toronto. Although unique problems exist in Metropolitan Toronto that may require unique solutions, the Task Force had as a background the wealth of information that has been gained from the implementation of market value assessment in over 600 municipalities in Ontario. This gave the Task Force confidence that the myriad of details that finally have to be sorted out, when reforming assessment, indeed did not present an onerous problem. Therefore, the Task Force concentrated on exploring the broader framework of assessment reform options that could be used to provide a Metro-wide reform solution, while reflecting both the existing taxing patterns of the area municipalities and the planning and economic development thrusts that were being pursued.

The position developed by the Task Force was that a Metro-wide Section 63, with the flexibility available to local municipalities to use variable class mill rates was the preferred option for implementing reassessment in Metropolitan Toronto. This would allow municipalities to implement market value reassessment while, at the same time, maintaining their existing tax burdens by property class, if they chose to do so. The Task Force concluded that this option (Option 2) should be recommended to the Metropolitan Council as the course of action to pursue, and that reassessment should be effected for the 1987 taxation year.

If this position is adopted at a political level, then a Property Tax Reform Implementation Committee should be struck with the Government of Ontario in order to finalize the implementation details. The mandate of this Committee should include an analysis of potential hardship cases and a review of appropriate ways by which these can be offset.

11.0 RECOMMENDATIONS

The Metropolitan Toronto Advisory Task Force on Assessment Reform recommends that:

1. **the Metropolitan Council consider the framework provided by a Metro-wide Section 63, with the option for area municipalities to use variable class mill rates for taxation purposes (Option 2), as the preferred method for implementation of reassessment in Metropolitan Toronto.**

Further, in order to facilitate consideration of the proposals that are outlined in this report, it is recommended that:

2. **this report be sent to the Area Municipal Councils for the purpose of soliciting their positions by June 12, 1986, on the recommended market value reassessment proposal contained herein.**

Any possibility of implementing assessment reform in 1987 depends upon the adherence to a timetable, whereby the Metropolitan Council must communicate its formal position to the Province of Ontario before the summer recess. Therefore, it is recommended that:

3. **the framework provided by a Metro-wide Section 63, with the option for area municipalities to use variable class mill rates for taxation purposes (Option 2), be considered for adoption by the Metropolitan Council on June 24, 1986, and that the position of the Metropolitan Council be communicated to the Province of Ontario; and**

4. **the appropriate Metropolitan officials be authorized and directed to take the necessary action to give effect thereto.**

APPENDIX A

GLOSSARY OF TERMS

Apportionment is the distribution of upper tier levies among the area municipalities. The apportionment of upper tier levies is based on the relative wealth of each area municipality. Taxable assessment is considered a measure of a municipality's relative wealth. The total assessment in a municipality, when compared with the total assessment in Metropolitan Toronto, determines the proportion of Metropolitan and school board levy assigned to taxpayers in each municipality in Metropolitan Toronto.

Assessment Notice is the notice produced by the Ministry of Revenue and contains the information listed on the assessment roll. Notices of assessment are sent out only to taxpayers who have experienced a change in any of the information contained on the assessment roll regarding their property.

Assessment Roll is the computer file produced for each municipality by the Ministry of Revenue and contains information on all assessed properties. The roll contains various descriptive information for each property, including property description, ownership, occupancy or tenancy, size of property, assessed value, tax classification and school support.

Equalization Factors are generated from a sampling of sales data, and are used to equate each municipality's assessment to a comparable estimate of the market value assessment of properties so that inter-municipal comparisons of taxation resources are possible.

Lower Tier Levy represents the net expenditures of the individual area municipalities that are to be requisitioned from the property taxpayers. Consequently, lower tier taxes are those taxes to be used for individual area municipal purposes.

Market Value Assessment, as defined in the "Assessment Act", is the amount that a property might be expected to realize if sold in the open market by a willing seller to a willing buyer.

Section 63 Reassessment refers to that part of the "Assessment Act" which enables a municipality to undertake a revision of all property assessments on a market value basis. The market value assigned all assessed properties within each class is then reduced (factored back) so that the total assessment for the class is the same after reassessment as it was before reassessment. This process eliminates inequities among properties within each property class, and avoids tax shifts between property classes.

A local Section 63 factors the market value of properties back to provide the previous totals of taxable assessment for each property class and all property classes combined within each municipality to the totals that existed before reassessment.

A Metro-wide Section 63 factors the market value of properties back to provide the previous totals of taxable assessment for each property class to the Metro totals that existed before reassessment.

Section 70 (Full Market Value Reassessment) is provided for under Section 70 of the "Assessment Act". Inequalities in assessments within property classes are corrected within each municipality by reassessing all properties to their market value level. However, unlike a Section 63 reassessment, the property classes are not factored back to the proportion of the total assessment for this class,before reform. Tax shifts occur, therefore, among property classes in each municipality.

Upper Tier Levies represent the net expenditures of both Metropolitan Toronto (general levy) and the Metropolitan Toronto School Board (education levy), including a portion of the Metropolitan Separate School Board, that are to be requisitioned from the taxpayer. Consequently, upper tier taxes are those taxes to be used for Metropolitan Toronto and Metropolitan Toronto School Board purposes.

Variable Class Mill Rates are mill rate calculations required for each class of property, to maintain the taxes for each class of property at the same portion of the total of all taxes in the municipality after reassessment, as existed before reassessment.